

4797-58 (4034-22)
Serial No.: 09/617,853
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AMENDMENT TO CLAIMS

1. (currently amended): A computer-implemented system for automated trading of U.S. Treasury, Liquid Agency, and Zero Coupon Strip financial instruments, comprising:

an updatable system database;

an updatable offering inventory database which receives real time price and quantity information pertaining to each financial instrument from a market data feed; and

a computer implemented system proprietor operative to;

determine a national best bid and offer price, ~~and a derived price for~~
each financial instrument in the offering inventory,

execute trades at the national best bid and offer price,

determine if a trade executed by the system is an offsetting trade,

wherein an offsetting trade is at least one of a plurality of trades of a same financial instrument, which plurality of trades are executed within a predefined period of time from each other, and

apply a price improvement process to at least one offsetting trade that improves a price of the offsetting trade for at least one party to the offsetting trade in the event that an offsetting trade occurs, and

~~the system proprietor further operative to update the system database and the offering inventory to reflect transactions executed by the system.~~

2. (currently amended): A computer-implemented system for automated trading of U.S. Treasury, Liquid Agency, and Zero Coupon Strip financial instruments as recited in claim 1, further comprising computer implemented means for canceling or revising orders.

3. (original): A computer-implemented system for automated trading of U.S. Treasury, Liquid Agency, and Zero Coupon Strip financial instruments as recited in claim 1, wherein the system notifies a user that an order has been executed by the system.

4. (original): A computer-implemented system for automated trading of U.S. Treasury, Liquid Agency, and Zero Coupon Strip financial instruments as recited in

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claim 1, further comprising means for allowing a user to manually update the offering inventory.

5. (original): A computer-implemented system for automated trading of U.S. Treasury, Liquid Agency, and Zero Coupon Strip financial instruments as recited in claim 1, further comprising means for automatically updating the offering inventory.

6. (original): A computer-implemented system for automated trading of U.S. Treasury, Liquid Agency, and Zero Coupon Strip financial instruments as recited in claim 1, comprising updating the national best bid and offer price or the derived price of a financial instrument in the offering inventory.

7. (original): A computer-implemented system for automated trading of U.S. Treasury, Liquid Agency, and Zero Coupon Strip financial instruments as recited in claim 1, wherein the market data feed is provided by at least one Interdealer Broker.

8. (original): A computer-implemented system for automated trading of U.S. Treasury, Liquid Agency, and Zero Coupon Strip financial instruments as recited in claim 7, wherein the market data feed is reformatted to record-based data prior to entry into the system.

9. (original): A computer-implemented system for automated trading of U.S. Treasury, Liquid Agency, and Zero Coupon Strip financial instruments as recited in claim 1, further comprising a filter process for removing incorrect market data from the offering inventory.

10. (currently amended): A computer-implemented system for automated trading of U.S. Treasury, Liquid Agency, and Zero Coupon Strip financial instruments as recited in claim 1, wherein the computer implemented system proprietor is operative to determine a derived price for a financial instrument and execute trades at the derived price, wherein the derived price is calculated by:

(a) determining the g captured spread between a last transaction price and a desired transaction benchmark for a the financial instrument;

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(b) determining the a current existing price of the desired benchmark; and
(c) adding the ~~captured~~ spread to the current existing price of the benchmark.

11. (currently amended): A computer-implemented system for automated trading of U.S. Treasury, Liquid Agency, and Zero Coupon Strip financial instruments as recited in claim 1, wherein the computer implemented system proprietor generates a confirmation of the executed order.

12. (original): A computer-implemented system for automated trading of U.S. Treasury, Liquid Agency, and Zero Coupon Strip financial instruments as recited in claim 1, wherein the system allows the user to manually enter interfirm or dealer to dealer trades for execution.

13. (original): A computer-implemented system for automated trading of U.S. Treasury, Liquid Agency, and Zero Coupon Strip financial instruments as recited in claim 12, wherein the system automatically updates the offering inventory in accordance with the manual trade.

14. (currently amended): A computer-implemented system for automated trading of high liquidity financial instruments, comprising
a computerized workstation for executing trades;
a system processor for processing information pertaining to at least one investor position, an updating offering inventory, and real time market data for at least one of U.S. Treasury, Liquid Agency, and Zero-Coupon STRIP financial instruments; and
a computer implemented system proprietor for;
determining a national best bid and offer price, ~~the system proprietor~~
~~operative to~~
converting the national best bid and offer price to a derived price in the event the national best bid and offer price is not available,
executing trades for orders entered with the system automatically at the national best bid and offer price or the derived price,

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determining if a trade executed by the system is an offsetting trade wherein an offsetting trade is at least one of a plurality of trades of a same financial instrument, which plurality of trades are executed within a predefined period of time from each other, and

applying an improved a price improvement to at least one of a bid and offer price of at least one offsetting trade in the event that an offsetting trade occurs, whereby the system proprietor executes automatic trades at the national best bid and offer price or the derived price on orders entered into the system.

15. (currently amended): A computer implemented data processing method for the automatic execution of high liquidity financial instruments, comprising:

storing information pertaining to an investor's position and an offering inventory in a database associated with at least one computing device, the offering inventory including a real time market data feed;

receiving at least one trade order;

executing trade orders for a financial instrument based on a national best bid and offer price or a derived price in the event the national best bid and offer price is not available, wherein the derived price is calculated by:

determining a spread between a last transaction price and a desired transaction benchmark for the financial instrument

determining a current existing price of the desired benchmark, and

adding the spread to the current existing price of the benchmark;

applying a price improvement process to the national best bid and offer price or the derived price in the event that an offsetting trade occurs; and

updating the investor's position to reflect the executed trade.

16. (new) A computer implemented data processing method for the automatic execution of high liquidity financial instruments as recited in claim 15, comprising:

determining if a trade executed by the system is an offsetting trade, wherein an offsetting trade is at least one of a plurality of trades of a same financial instrument, which plurality of trades are executed within a predefined period of time from each other, and

applying a price improvement process to at least one offsetting trade that improves a price of the offsetting trade for at least one party to the offsetting trade.

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17. (new) A computer-implemented system for automated trading of U.S. Treasury, Liquid Agency, and Zero Coupon Strip financial instruments as recited in claim 1, wherein offsetting trades are executed at an execution price and wherein the price improvement process comprises computing an average of the execution prices of a plurality of offsetting trades and applying the average of the execution prices to at least one of the offsetting trades.